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Thailand

Poultry and Products

Annual

2000

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Report Highlights:
Thai broiler production is forecast to grow slightly in 2001. Meanwhile, exports of broiler meat should be about unchanged.

Includes PSD changes: Yes
Includes Trade Matrix: No
Annual Report
Bangkok [TH1], TH

Section I: Situation and Outlook

Thai broiler meat production is forecast to grow slightly in 2001, spurred by increased domestic consumption. Due to high levels of competition, Thai exports of broiler meat are forecasted to be about unchanged in 2001. Thailand is likely to continue its struggle to overcome its disadvantage in production cost against competitors by shifting their production line to higher value-added products.

Thailand remains quite protectionist in allowing market access for broiler meat through its non-transparent import mechanism, high tariff duties, and a high import license fee. Its collection of import license fees on all meat products does not reflect the actual cost derived from inspection services when the shipment arrives, and is accordingly against the WTO's rules.

Egg production is forecast to decline in 2001 following a cut-back production in layers. Domestic consumption of egg and egg exports should decrease in 2001 in line with production.

Section II: Statistical Tables

Table 1: Thailand's PS&D Table for Poultry, Meat, Chicken -16 wks.

PSD Table						
Country	Thailand					
Commodity	Plty, Meat, Chicken -16 wks				(1000 MT)(MIL HEAD)	
	Revised1999		Preliminary2000		Forecast2001	
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	31	31	40	40	65	60
Production	980	980	1050	1070	0	1100
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	1011	1011	1090	1110	65	1160
Whole, Exports	0	0	0	0	0	0
Parts, Exports	276	276	280	270	0	270
Intra EC Exports	78	78	80	82	0	80
Other Exports	0	0	0	0	0	0
TOTAL Exports	276	276	280	270	0	270
Human Consumption	680	680	730	760	0	790
Other Use, Losses	15	15	15	20	0	20
Total Dom. Consumption	695	695	745	780	0	810
TOTAL Use	971	971	1025	1050	0	1080
Ending Stocks	40	40	65	60	65	80
TOTAL DISTRIBUTION	1011	1011	1090	1110	65	1160
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Table 2: Thailand's PS&D Table for Poultry, Meat, Total

PSD Table						
Country	Thailand					
Commodity	Poultry, Meat, Total				(1000 MT)(MIL HEAD)	
	Revised1999		Preliminary	2000	Forecast	2001
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Inventory (Reference)	0	0	0	0	0	0
Slaughter (Reference)	0	0	0	0	0	0
Beginning Stocks	31	31	40	40	65	60
Production	1025	1025	1100	1117	0	1150
Whole, Imports	0	0	0	0	0	0
Parts, Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	1056	1056	1140	1157	65	1210
Whole, Exports	1	1	2	2	0	2
Parts, Exports	277	277	281	271	0	271
Intra EC Exports	79	79	81	83	0	81
Other Exports	0	0	0	0	0	0
TOTAL Exports	278	278	283	273	0	273
Human Consumption	720	720	774	801	0	834
Other Use, Losses	18	18	18	23	0	23
Total Dom. Consumption	738	738	792	824	0	857
TOTAL Use	1016	1016	1075	1097	0	1130
Ending Stocks	40	40	65	60	0	80
TOTAL DISTRIBUTION	1056	1056	1140	1157	0	1210
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Table 3: Thailand's PS&D Table for Poultry, Eggs

PSD Table						
Country	Thailand					
Commodity	Poultry, Eggs				(MIL HEAD)(MIL PCS)	
	Revised1999		Preliminary2000		Forecast2001	
	Old	New	Old	New	Old	New
Market Year Begin		01/1999		01/2000		01/2001
Layers	38	38	42	42	0	0
Beginning Stocks	151	151	123	123	123	173
Production	8200	8200	8700	8800	0	8500
Hatch Eggs, Imports	0	0	0	0	0	0
Shell Eggs, Imports	0	0	0	0	0	0
Other Imports	0	0	0	0	0	0
Intra EC Imports	0	0	0	0	0	0
TOTAL Imports	0	0	0	0	0	0
TOTAL SUPPLY	8351	8351	8823	8923	123	8673
Hatch Eggs, Exports	0	0	0	0	0	0
Shell Eggs, Exports	28	28	50	100	0	50
Other Exports	0	0	0	0	0	0
Intra EC Exports	0	0	0	0	0	0
TOTAL Exports	28	28	50	100	0	50
Hatch Eggs,Consumption	0	0	0	0	0	0
Shell Eggs, Human	8200	8200	8650	8650	0	8600
Shell Eggs,OT.Use/Loss	0	0	0	0	0	0
Other Dom. Consumption	0	0	0	0	0	0
Total Dom. Consumption	8200	8200	8650	8650	0	8600
TOTAL Use	8228	8228	8700	8750	0	8650
Ending Stocks	123	123	123	173	0	23
TOTAL DISTRIBUTION	8351	8351	8823	8923	0	8673
Calendar Yr. Imp. from U.S.	0	0	0	0	0	0

Table 4: Wholesale Prices for Live Broilers in Bangkok

Prices Table			
Country:	Thailand		
Commodity:	Plty, Meat, Chicken -16 wks		
Year:	2000		
Prices in (currency)	Baht	per (uom)	Kiliogram
Year	1999	2000	% Change
Jan	27.05	28.25	4.4
Feb	28.40	29.02	2.2
Mar	28.50	23.00	-19.3
Apr	28.67	22.00	-23.3
May	30.22	24.61	-18.6
Jun	30.27	28.43	-6.1
Jul	31.77	28.02	-11.8
Aug	25.26	25.00	-1.0
Sep	20.68		
Oct	20.70		
Nov	23.65		
Dec	25.50		
Exchange Rate	41.00	(Local currency/US $)	
Date of Quote Aug-15-2000			

Table 5: Retail Prices for Skinless Boneless Breast Meat at Bangkok

Prices Table			
Country:	Thailand		
Commodity:	Plty, Meat, Chicken -16 wks		
Year:	2000		
Prices in (currency)	Baht	per (uom)	Kiliogram
Year	1999	2000	% Change
Jan	72.00	69.00	-4.2
Feb	72.00	69.00	-4.2
Mar	72.00	66.82	-7.2
Apr	72.00	64.10	-11.0
May	72.00	64.39	-10.6
Jun	72.00	67.73	-5.9
Jul	72.00	69.00	-4.2
Aug	71.90		
Sep	69.27		
Oct	69.00		
Nov	69.00		
Dec	69.00		
Exchange Rate	41.00	(Local currency/US $)	
Date of Quote Aug-15-2000			

Table 6: Thailand's broiler meat exports in 2000 (Jan-Jun) (Unit: Tons)

COUNTRY	UNCOOKED BROILER MEAT	COOKED&SEMI-COOKED MEAT	TOTAL EXPORTS
UNITED STATES	0	0	0
ASIA:	77,857	22,655	100,512
Japan	63,190	18,109	81,299
Singapore	4,094	2,978	7,072
China	2,360	0	2,360
Hong Kong	4,004	1,377	5,381
S. Korea	2,578	119	2,697
Malaysia	1,585	72	1,657
Others	46	0	46
EUROPE:	31,006	13,234	44,240
EUROPEAN UNION	30,759	13,234	43,993
Belgium	24	98	122
Germany	15,115	1,108	16,223
Netherlands	8,815	6,402	15,217
U.K.	5,712	5,489	11,201
Others	1,093	137	1,230
OTHER EUROPE	247	0	247
MIDDLE EAST	462	5	467
AFRICA & OTHERS	19	39	58
TOTAL	109,344	35,933	145,277

Table 7: Thailand's broiler meat exports in 1999 (Jan-Jun) (Unit: Tons)

COUNTRY	UNCOOKED BROILER MEAT	COOKED&SEMI-COOKED MEAT	TOTAL EXPORTS
UNITED STATES	0	0	0
ASIA:	75,287	16,818	92,105
Japan	61,461	14,912	76,373
Singapore	4,301	1,821	6,122
China	2,977	0	2,977
Hong Kong	1,763	7	1,770
S. Korea	2,112	73	2,185
Malaysia	2,615	0	2,615
Others	58	5	63
EUROPE:	25,791	10,702	36,493
EUROPEAN UNION	25,767	10,702	36,469
Belgium	153	39	192
Germany	13,171	731	13,902
Netherlands	5,760	5,856	11,616
U.K.	5,401	4,050	9,451
Others	1,282	26	1,308
OTHER EUROPE	24	0	24
MIDDLE EAST	522	0	522
AFRICA & OTHERS	0	11	11
TOTAL	101,600	27,531	129,131

Section III: Narrative on Supply and Demand, Policy & Marketing

3.1 Broiler Section

Production

Despite anticipated stagnant exports, Thailand's total broiler meat production in 2001 is forecasted to increase further in line with growing domestic consumption. Increased production is likely to be met by improved productivity of Thai broiler industry through greater use of evaporated cooling system in broiler farming, mainly by integrated producers. It is estimated that about 60% of total broiler production will be raised under this system in 2001, compared to around 50-55% in 2000.

The estimate of broiler meat production in 2000 has been revised upward from the earlier estimate. Despite a higher incidence of disease outbreak (especially New Castle disease) and an attempt to manipulate chick production by a few feed integrators, its effect on total production has been outstripped by an expansion in "day-old" chick production. Trade sources reported that a capacity of day-old chick production in 2000 has increased from 15-16 million birds/week in 1999 to about 17-18 million birds/week. In response to depressed prices in early 2000 as a result of increased capacity, a few largest feed integrators agreed to cut back their chick production by about 1 million birds per week for three months (June-August). As a result, prices for day-old chick and live broilers have increased in recent months (Table 4).

The current cost of broiler production is 26.00 baht/kg, (approx. 30 cents/pound), which is roughly a sum of the cost of day-old chicks (8.00 baht), feed (15.00 baht), vaccination and drug (0.80 baht), labor (1.50 baht), and other costs (0.70 baht), respectively.

Consumption

Domestic chicken meat consumption in 2001 is forecast to continue to grow in anticipation of increased purchasing power and higher popularity of chicken meat among consumers. The Thai economy is forecast to grow by 4-5 percent, the same level as the estimate in 2000. In addition, its popularity is based on its competitive prices against other kinds of meat and the easiness to diversify a cooking menu. In 2000, the estimate of domestic consumption has been revised upward in response to increased substitution of chicken meat for expensive pork and beef.

Reflecting an influx of heavy supplies in early 2000 which led to high stocks held by processors, wholesale prices for live broilers reported by the Ministry of Commerce in the first eight months of 2000 (Jan-Aug) dropped by 9 percent to 26.04 baht/kg (approx. 29 US cent/pound). As a result, the retail prices for chicken meat also declined. The average prices for chicken boneless breast meat at Bangkok, reported by the Ministry of Commerce, were 67.38 baht/kg in 2000 (Jan-Aug), as opposed to 72.00 baht/kg in the same period of 1999.

Trade

Thailand's chicken meat exports in 2001 are forecast to remain basically unchanged at 270,000 tons as fierce competition from its competitors like Brazil, China, and the United States should prevail. A possibility that China may be eligible to export its products to the EU market again may pose an additional competitive threat to Thailand's sales in that market.

Although exports of uncooked and cooked chicken meat in the first half of 2000 appeared to increase by 13 percent, total exports for 2000 are forecast to drop slightly to 270,000 tons following an anticipated slowdown in exports in the second half of the year. Trade sources reported that sales of chicken meat, especially boneless leg meat (BL) to Japan may drop sharply in the second half of the year due to a slowdown in supplies from Thai processors and continued heavy competition from China. They claimed that China has imported cheap bone-in leg and boneless leg from the U.S. for further-processing and reexporting to Japan. Because of fierce competition among supplying countries, average export C&F prices for boneless leg meat (BL) also decreased from US$ 1,700/ton in late 1999 to US$ 1,300-1,400/ton in February/March, 2000. However, export prices have recently firmed to US$ 1,500-1,550/ton following an effort by Thai processors to control their chicken meat supplies for export. Export prices for skinless boneless breast meat (SBB) have fluctuated in the same pattern, dropping from about US$ 2,000/ton C&F in late 1999 to US$ 1,800-1,900/ton in early 2000 and climbing to currently US$ 2,100-2,200/ton.

Based on the figure of 270,000 tons, it is estimated that exports to European countries in 2000 may grow from 78,000 tons in 1999 to 81,000 tons, while exports to Japan may drop from 164,000 in 1999 to 148,500 tons. Exports to other countries (excluding Europe and Japan) in 2000 would also increase from 34,000 tons in 1999 to 40,500 tons. By type of product, exports of uncooked chicken meat are estimated to further reduce from 213,000 tons in 1999 to 198,000 tons in 2000. Meanwhile, exports of cooked chicken meat would increase from 63,000 tons in 1999 to 72,000 tons. This reflects the fact that Thai processors continue their struggle to overcome their disadvantage in production cost against competitors by shifting their production line to higher value-added products.

Japan and European countries remain the major markets for Thai broiler meat in 2000. In the first half of 2000, Japan accounted for 56 percent of total broiler meat export (against 59 percent in 1999). Meanwhile, the EU accounted for 30 percent of total exports (against 28 percent in 1999). Japan usually buys uncooked meat in forms of boneless breast meat (BB) , boneless leg meat (BL), and special cut meat in stick (Yakitori). It also buys made-to-order meat which is processed or prepared by heat (such as grilling, steaming, boiling, and etc.). Some of these cooked meat products are puffed or seasoned (with salt, Japanese sauce, and etc.). The EU normally buys uncooked meat in form of skinless boneless breast meat (SBB), and semi-cooked and cooked meat in made-to-order style. In the first half of 1999, Japan accounted for 59 percent of total broiler meat export (against 61 percent in 1998). Meanwhile, the EU accounted for 28 percent of total exports (unchanged from the1998 level).

Policy

In general, there has been no change in trade & non-trade barriers, price intervention, export subsidy, and quality, safety and health regulations in recent history. Thailand remains opposed to the idea of opening up its market for broiler meat, even importation of unprocessed broiler meat for further-processing and reexporting. These missed opportunities at reprocessing have limited Thai exports of value added chicken products. Although FAS/Bangkok forwarded the USDA's concern about this issue to the Thai Government, both Thai authorities and a group of farmers and processors have always protested without a serious discussion on the matter. At present, Thailand does not provide the transparent and accessible mechanism to allow the importation of broiler meat. Although any importer could meet all health requirements, an import license may not be issued by the Department of Livestock Development (DLD). In addition to a high current import tariff of 45 percent on C&F value, the DLD is also collecting an import license fee of 10 baht/kg (US$ 250/ton). This import license fee (for all meat products) apparently does not reflect the actual cost derived from services done by the DLD officials, and is accordingly against WTO's rules. The petition on this issue to the WTO panel should be justified.

Marketing

Although there have been no official directives by the EU or Japan Governments on the requirement of a certificate of GMO-Free or non-GMO products for Thai broiler meat, trade sources reported that some private importers in these two countries began to request such certificates. Thai exporters are concerned that this may be the first step for official requirements in the future.

In addition, some clients in the EU reportedly began to require that broiler meat must originate from farms which meet the conditions of (a) no use of animal protein ingredients; (b) no use of growth promoters; and (c) free of antibiotics. Meanwhile, some clients in Japan have similar conditions plus the requirement that those farms must supplement herbs in feed rations. Although a premium of 10-15% is added to export prices, only a few Thai broiler processors are supplying these made-to-order products. Trade sources believe that the demand for these specialty products will be on the rise.

3.2 Egg Section

Production

Production in 2001 is forecast to register a decline based on the fact that two large layer farms terminated their breeding layer operations and the other operations have begun to scaledown their layer chick production in 2000. Nearly all breeding layer and layer farms have faced serious losses in most of 2000 due to depressed prices for eggs. Despite the decreased number of layers, the greater use of evaporated cooling systems on farms should favor overall productivity in 2001.

Consumption

Egg consumption is forecast to drop in 2001 in line with anticipated smaller supplies. Egg prices in 2001 may increase again to around 1.40-1.50 baht/piece. In 2000, a supply surplus in egg production have depressed egg prices sharply from 1.35-1.40 baht in December 1999 to currently 1.20 baht/piece. These farm gate prices are still below the current production cost of about 1.35-1.40 baht/piece.

Trade

Egg exports in 2001 are forecast to decline in response to decreased supply availabilties. In 2000, Thai egg producers continued their cooperation to export eggs to Hong Kong at subsidized prices in order to stabilize domestic prices. The estimate of egg exports in 2000 remains unchanged at 100 million pieces.

Policy

There has been no change in price intervention and subsidy for egg producers since the last Semi-Annual Report.

3.3 Feed Demand Strategic Indicator Tables for Thailand

See the Attached File F:\sak\lotus\poultry\feed.wk4.